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Message Text

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47
ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 TRSE-00 SS-15 IO-13 AID-05 STR-04

COME-00 FRB-03 OMB-01 XMB-02 CIAE-00 INR-07 NSAE-00

L-03 H-02 USIA-06 AGR-05 AGRE-00 /084 R

DRAFTED BY ARA/ECP:RTAYLOR;PAM
APPROVED BY ARA/ECP:SHROGERS
EB/IFD/ODF:FTHOMAS (IN DRAFT)
ARA/CAR:JTHYDEN
TREASURY:ADRESS (IN SUBSTANCE)
---------- 075353
P 111505Z SEP 76
FM SECSTATE WASHDC
TO AMEMBASSY KINGSTON PRIORITY

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E.O. 11652: N/A

TAGS:EFIN, EAID, IDB, JM

SUBJECT: EXTENSION OF IDB LOAN TO DEVELOP SELF SUSTAINING FARMS (359/SF-JA)

BEGIN SUMMARY: THE INTER-AMERICAN DEVELOPMENT BANK (IDB) MANAGEMENT PRESENTED A DRAFT RESOLUTION ON SEPTEMBER 9 WHICH APPEARS TO OFFER A MEANS OF ACCEDING TO JAMAICA'S REQUEST FOR AN EXTENSION OF THE SUBJECT LOAN WHILE AT THE SAME TIME MAINTAINING THE BANK'S POLICY ON GLOBAL LOANS OF LIMITING COMMITMENTS TO 3-YEAR AND DISBURSEMENTS TO 4-YEAR PERIODS. THIS BACKGROUND INFORMATION IS PROVIDED SHOULD THE SUBJECT BE RAISED BY THE GOJ. END SUMMARY.

1. THE LOAN FOR SELF-SUSTAINING FARMS, SIGNED SEPTEMBER 1, 1973, REQUIRED RESOURCES TO BE FULLY COMMITTED IN 3 YEARS AND DISBURSEMENTS IN 4 YEARS. THE IDB ESTIMATES THAT ONLY
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TWO-THIRDS OF THE DOLS. 7.9 MILLION FSO LOAN WOULD HAVE BEEN COMMITTED BY THE SEPTEMBER 1, 1976 CUT-OFF DATE. IN MAY OF THIS YEAR, THE GOJ REQUESTED A 6-MONTH EXTENSION OF BOTH THE COMMITMENT AND DISBURSEMENT PERIODS. THIS REQUEST CONFLICTED WITH THE BANK'S POLICY ON GLOBAL LOANS (WHICH THE US VIGOROUSLY SUPPORTS) OF GRANTING EXTENSIONS ONLY UNDER VERY UNUSUAL CIRCUMSTANCES.
2. WHILE THE US SUPPORTS THE BANK'S POLICY, WE ARE ALSO CONCERNED THAT NO ACTION BE TAKEN IN THIS CASE WHICH MIGHT BE INTERPRETED IN JAMAICA AS PART OF A DELIBERATE US CAMPAIGN AGAINST JAMAICA. A DRAFT RESOLUTION WAS OFFERED BY THE IDB MANAGEMENT ON SEPTEMBER 9 IN AN EFFORT TO RESOLVE THESE CONFLICTING GOALS.

3. THE DRAFT RESOLUTION READS AS FOLLOWS: BEGIN QUOTE
THE PERIOD FOR COMMITMENT OF THE RESOURCES OF THE LOAN SHALL BE SUSPENDED FOR 9 MONTHS FROM SEPTEMBER 1, 1976 AND DURING THIS PERIOD THE BANK SHALL CONSIDER A NEW LOAN FOR AN AMOUNT TO BE DETERMINED THROUGH NEGOTIATIONS WITH THE BORROWER.

THE COMMITMENTS MADE IN THE PROGRAM DURING THE 9 MONTH PERIOD MAY BE RECOGNIZED BY THE BANK FOR REIMBURSEMENT AS PART OF THE NEW LOAN, PROVIDED THAT THEY ARE CONSISTENT WITH PARAMETERS AND CONDITIONS SET FORTH IN LOAN CONTRACT 359/SF-JA. IF FOR ANY REASON THE NEW LOAN FAILS TO MATERIALIZE, THE BANK SHALL EXTEND THE PERIODS FOR COMMITMENT AND DISBURSEMENT OF THE RESOURCES OF LOAN 359/SF-JA FOR ONE YEAR EACH, THAT IS UNTIL SEPTEMBER 1, 1977 AND SEPTEMBER 1, 1978, RESPECTIVELY.
END QUOTE.

4. THE JAMAICAN REPRESENTATIVE SAID SHE WOULD SEND THE PROPOSAL TO HER GOVERNMENT FOR STUDY.

5. THE LANGUAGE OF THE DRAFT RESOLUTION IS UNCLEAR AND WILL PROBABLY BE REWORKED BEFORE APPROVAL; HOWEVER, IT WAS GIVEN TO THE JAMAICANS AS IN PARA 3. THE INTENDED MEANING IS AS FOLLOWS:
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6. JAMAICA IS BEING OFFERED THE OPTION OF FORMULATING A NEW LOAN OR IF THAT EFFORT SHOULD FAIL,THE GOJ COULD EXPECT THAT A ONE YEAR EXTENSION OF THE CURRENT LOAN WOULD BE GIVEN.

7. PENDING THE GOJ RESPONSE, THIS RESOLUTION IS TENTATIVELY SCHEDULED TO BE VOTED ON BY THE IDB BOARD ON

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SEPTEMBER 16, 1976. KISSINGER

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Draft Date: 11 SEP 1976
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Decaption Note:
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TAGS: EFIN, EAID, JM, IDB
To: KINGSTON
Type: TE
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